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**LEADER OF INSURANCE FRAUD SCAM EXTRADITED TO CALIFORNIA**

*More than \$20 Million Collected for Bogus Policies*

SACRAMENTO--United States Attorney McGregor W. Scott, Special Agent in Charge Keith Slotter, Federal Bureau of Investigation ("FBI"), Special Agent in Charge Roger L. Wirth, Internal Revenue Service - Criminal Investigation ("IRS-CI"), and California Insurance Commissioner John Garamendi announced the arrest of MATTHEW WALLACE SCHACHTER aka Robert Lewis Brown, aka Matthew Rollins ("BROWN"), age 58. BROWN was extradited from Canada to face charges relating to an insurance fraud scheme that allegedly netted more than \$20 million over the last four years. Brown has most recently resided in Ireland and Barbados.

The case is being investigated jointly by FBI Special Agent John Sommercamp, and IRS Special Agents Jason Lamb and Christopher Fitzpatrick. The California Department of Insurance, Investigations Division, also assisted with the investigation.

BROWN appeared today in United States Magistrate Court, in the Eastern District of California. The extradition of the defendant followed his arrest on September 3, 2004 outside Toronto, Canada by the Toronto Metropolitan Fugitive Squad based on immigration charges and a U.S. arrest warrant. The criminal complaint filed in Sacramento charges the defendant with conspiracy, mail fraud, money laundering, and making false statements relating to an insurance fraud scheme. Defendant BROWN is scheduled for a preliminary hearing before the U.S. District Court Magistrate Judge Peter A. Nowinski, Magistrate Judge, on February 14, 2005.

The case involves an international effort by the United States to investigate and arrest BROWN, who had been traveling in Canada when arrested. At the request of the United States, foreign authorities have frozen bank accounts allegedly tied to the scheme. In addition, authorities are taking steps to freeze real property in Ireland and Barbados.

Tri-Continental Exchange, Limited ("TCE") Fraudulent Operations

According to Assistant U.S. Attorney Robin Taylor who is prosecuting the case, the complaint alleges that TCE and Combines Services, Limited ("CSL") were off-shore companies operated by BROWN in St. Vincent and the Grenadines. TCE and CSL sold bogus insurance policies throughout California, and elsewhere, falsely representing that the policies were backed by a pool of legitimate, licensed, and rated insurance companies, including Nationwide Mutual

Insurance Co. and Globe Indemnity Company. Although these "backing" companies are legitimate, neither TCE nor CSL had any business relationship with them and were not authorized to issue policies using their names. Since January 2000, BROWN has issued and renewed fraudulent insurance policies in California, and elsewhere, and TCE has collected millions of dollars in premiums for these policies.

#### Assumed Identity

BROWN allegedly assumed the identity of "Robert Lewis Brown" in 1994. According to State of Ohio records, "Robert Lewis Brown" was born in Akron, Ohio, on August 26, 1946, and according to a death certificate he died on September 2, 2001, in Las Vegas, Nevada. BROWN has been using a United States Passport issued to "Robert Lewis Brown," which was issued and renewed based on personal information of the now deceased "Robert Lewis Brown." Documents containing the personal identification information for the deceased "Robert Lewis Brown" were found on BROWN's person when he was arrested. BROWN's wife, known as Shirley Darlene Whitaker, was also living under an assumed identity.

#### The International Money Trail

The criminal complaint alleges that, based on these misrepresentations, BROWN collected more than \$20 million in insurance premiums from customers throughout the United States. According to the Complaint insurance brokers, agents, and customers were directed to send their checks to addresses in Phoenix, Arizona, which were actually postal mail boxes. The checks were forwarded to St. Vincent and the Grenadines, and from there were routed to a bank account controlled by BROWN in Blaine, Washington. At that point, some of the money was funneled to foreign bank accounts in States of Jersey, St. Vincent and the Grenadines, Barbados, and elsewhere.

#### Cease and Desist Orders and Civil Action

At least eight states have already issued cease and desist orders against TCE, CSL, BROWN and others for selling insurance without a license. In 1996, the Superintendent of Insurance in Ontario, Canada, issued a cease and desist order against BROWN and TCE for carrying on the business of insurance without a license. Further, in 2001, Nationwide Mutual Insurance Company obtained a preliminary injunction against TCE in U.S. District Court for trademark infringement.

If convicted, BROWN faces 20 years in prison for the mail fraud, and 5 years in prison for the conspiracy and making false statements charges. He may be fined not more than the greater of twice the gross gain or twice the gross loss caused by the fraud. For the money laundering offenses, BROWN faces 20 years in prison and a fine of not more than twice the value of the monetary instruments.

The criminal complaint contains only allegations and the defendant is presumed innocent until proven guilty at trial.

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